

# ETAG

## Eurotunnel History

Eurotunnel has a very good web page covering the history of the Channel Tunnel project from the beginning with extensive coverage of its own operations – this is the link: <http://www.eurotunnelgroup.com/uk/the-channel-tunnel/>.

For an outsiders view, **Wikipedia** has a couple of articles, which although dispassionate are perhaps a little jaundiced.

The first restricts itself to the **company** – its origins, refinancing etc: <http://en.wikipedia.org/wiki/Eurotunnel>. One curiosity, marked with note<sup>9</sup>, refers to the shareholders having surrendered their travel rights as part of the financial restructuring, which is linked to a BBC website. As we know, those who retained their original shares also retained their travel rights!

The second is about the **tunnel structure and its operation** – from the schemes at the beginning of the 19<sup>th</sup> century through to its construction, rolling stock, traffic, regional impact etc: [http://en.wikipedia.org/wiki/Channel\\_Tunnel](http://en.wikipedia.org/wiki/Channel_Tunnel).

This clearly shows that the traffic flows have failed to fulfil the early predictions, although surprisingly does not speculate on the reasons for this. Some, however, undoubtedly are of major significance:

1. The abolition of ‘*duty free*’ from 30<sup>th</sup> June 1999; traffic on the shuttle trains peaked in 1998 (c12m passengers) since when in recent years it has hovered in the region of 7m.
2. In recent years the French have increased their drinks and tobacco duty, and the UK drinks business has become very much more competitive, thus also making foreign excursions less financially attractive.
3. The advent of cheap air flights; casual, but unscientific, observation indicates that there are typically less expensive cars to be seen in the shuttles, and with more readily available hire cars and cheapness of good second hand ones there is less need to take vehicles across the water.

4. The advent of superferries reduced their operational costs leading to competitive pressures and a reduction in the anticipated revenue. It is interesting that ferries have now joined Eurotunnel's offering.

The article is also rather negative about the spin off benefits to the local economies of Calais and Folkestone. The burghers of Calais made it their business to collect any and every advantage floating in their direction, as a result of which the town has transformed itself from an impoverished backwater to a burgeoning economy which has withstood the loss of day tripper traffic surprisingly well. In Folkestone, however, despite its favoured geographical position sitting atop cliffs facing south over the busy Channel shipping lanes, there was great antipathy to the construction of the tunnel which resulted in many advantageous opportunities being spurned – the politicians even insisted that the local connection to the terminal facility be made some way out of town so that it is a several mile journey to cross the road to it!

One by-product, however, is having a major impact – the High Speed Train. This was built to serve the tunnel, but has resulted in Folkestone becoming an attractive residential location with a service of 50-55 minutes to London; as the Eurostars make the trip non-stop in about half an hour there is still plenty of scope for further improvements!

But whatever one's parochial perspective, the tunnel's construction is one of the marvels of the modern world – the equity finance for it having been obtained on the back of the promise of 'free' or reduced rate travel to the end of the concession. And after the trials and tribulations of the first 25 years, those Foundation Shareholders who have stayed the course should be proud of what they have helped to create and be satisfied that there is an energetic management team in place making the most of what has been bequeathed to them.

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